



PRESS RELEASE
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For Immediate Release

March 6, 2007

FORMER CFO OF CLEARWATER CORPORATION
AGREES TO PLEAD GUILTY TO WIRE FRAUD

Tampa, Florida - United States Attorney Paul I. Perez today announced that Eric J. McCracken, age 40, agreed to plead guilty to one count of conspiracy to commit wire fraud and one substantive count of wire fraud pursuant to a plea agreement. Each of the counts carries a maximum sentence of five years of imprisonment, a fine of \$250,000 or twice the amount of gross pecuniary gain to the defendant or twice the amount of gross loss to the victims, and a term of supervised release of three years.

According to court documents, McCracken was employed as Chief Financial Officer ("CFO") and as a Director of Aerosonic Corporation in Clearwater, Florida. Aerosonic designed, developed, and supplied primary flight control systems components and instruments, including but not limited to, altimeters, airspeed indicators, angle of attack, stall prevention systems, and air data measurement systems, critical to the operation, performance, and safety of military and commercial aircraft. Aerosonic's stock was publicly traded on the American Stock Exchange. In

about February 2001, and again in about February 2002, McCracken used his position as CFO to falsely increase the quantities of certain items of Aerosonic's physical inventory and, thereby, fraudulently inflate Aerosonic's pre-tax net income as reported on Aerosonic's fiscal year end financial statements submitted to the United States Securities and Exchange Commission ("SEC").

Specifically, a coconspirator, who was the defendant's superior, directed McCracken to fraudulently inflate Aerosonic's income to be reported on Aerosonic's fiscal year end financial statements by, among other methods, fraudulently inflating the value of Aerosonic's physical inventory. In response, McCracken falsely increased the quantities of certain items of Aerosonic's physical inventory previously recorded on inventory cards and made corresponding changes to Aerosonic's computerized inventory system. McCracken reported the details of the inventory manipulation as well as the resulting fraudulently inflated value of Aerosonic's physical inventory to his superior/coconspirator. The coconspirator directed McCracken to make additional fraudulent changes to inventory until McCracken satisfied the coconspirator's direction.

McCracken and the coconspirator caused the fraudulently inflated value of Aerosonic's physical inventory to be incorporated into Aerosonic's fiscal year end 2001 and 2002 financial statements. McCracken and the coconspirator caused the fiscal year end 2001 financial statements to be filed electronically with the SEC in Alexandria, Virginia, via a financial reporting company, R.R. Donnelley & Sons, Inc., of St. Petersburg, Florida and elsewhere, on April 30, 2001. They caused the fiscal year end

2002 financial statements to be filed electronically with the SEC via the same company on May 1, 2002.

With respect to both the April 30, 2001 and the May 1, 2002 SEC filings, the inventory manipulations and the resulting fraudulently inflated values of Aerosonic's physical inventory resulted in Aerosonic's fiscal year end financial statements reflecting pre-tax net income as opposed to pre-tax net loss. Because they were filed with the SEC, these fiscal year end financial statements were disseminated to the public via the SEC's website and other means.

McCracken and the government are awaiting a change of plea hearing. The Plea Agreement filed with the court contains provisions which anticipate potential cooperation by the defendant with the government.

The filing of McCracken's Information and Plea Agreement is the latest development in an investigation conducted by the Federal Bureau of Investigation. The case is being prosecuted by Assistant United States Attorney Rachelle DesVaux Bedke.